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Message Text

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PAGE 01 LIMA 02421 252126Z
ACTION COME-00

INFO OCT-01 ARA-10 ISO-00 EB-08 /019 W
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FM AMEMBASSY LIMA
TO SECSTATE WASHDC PRIORITY 4181

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FOR COMMERCE PASS BREWER (LAD/OIM/BIC)

EO 11652: N/A
TAGS: BEXP, ECON, EGEN, PE
SUBJ: SUMMARY OF CHEMICAL AND PETROCHEMICAL INDUSTRY EQUIPMENT STUDY

REF: USDOC 2488

FOLLOWING ARE MAJOR CONCLUSIONS OF POST-INITIATED MARKET RESEARCH ON CHEMICAL-PETROCHEMICAL INDUSTRY EQUIPMENT IN CONNECTION WITH PROJECTED USDOC TRADE MISSION IN AUGUST 1977:

1. IMPORTS OF CHEMICAL AND PETROCHEMICAL INDUSTRY EQUIPMENT HAVE KEPT PACE WITH THE EXPANSION OF THE PERUVIAN ECONOMY. WHILE THERE WILL PROBABLY BE NO INCREASE RECORDED IN 1977, PROSPECTS FOR 1978 AND BEYOND ARE GOOD. SALES ROSE FROM $23.2 MILLION IN 1973 TO $61 MILLION IN 1975 BUT DROPPED TO $51.5 MILLION IN 1976.

2. US SHARE OF IMPORTS DROPPED FROM 44.6 PERCENT IN 1973 TO 36.1 PERCENT IN 1975. OUR MAJOR COMPETITOR WAS WEST GERMANY FOLLOWED BY UK, ITALY, SWITZERLAND, NETHERLANDS, JAPAN, BRAZIL AND ARGENTINA. US LEADS IN PUMPS, INDUSTRIAL FURNACES, VESSLES FOR HOT AND COLD PROCESSING, FILTERS, AND PRECIPITATORS.

3. LOCAL MANUFACTURE IS LIMITED TO VERY FEW ITEMS ALMOST ALWAYS
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CUSTOM BUILT. SMALLER FIRMS WITH LESS ACCESS TO FOREIGN EXCHANGE DEPEND TO GREATER DEGREE ON LOCAL SUPPLY.

4. US EQUIPMENT CONTINUES TO ENJOY TRADITIONAL GOOD REPUTATION HERE BECAUSE OF ESTABLISHED QUALITY, PERFORMANCE AND LIFE. PROXIMITY TO US FOR SPARE PARTS AND TECHNICIANS, AND PERUVIAN FAMILIARITY WITH AMERICAN STANDARDS, ARE ALSO POSITIVE FACTORS.

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5. AT PRESENT, TRADE BARRIERS ARE INSIGNIFICANT IN THE CHEMICAL-PETROCHEMICAL EQUIPMENT FIELD. PERU PROHIBITS IMPORTATION OF USED OR REBUILT MACHINERY AND EQUIPMENT BUT WAIVERS MAY BE REQUESTED.

6. PRODUCTS WITH HIGHEST SALES POTENTIAL INCLUDE ROTARY AND RECIPROCATING PUMPS; INDUSTRIAL FURNACES, CERTRIFUGES, MAGNETIC AND ELECTROSTATIC PRECIPITATORS, FILTER PRESSES, PRESSURE GAUGES, THERMOSTATS; INSTRUMENTS FOR CHEMICAL AND PHYSICAL ANALYSIS. ALSO GOOD PROSPECTS ARE AIR COMPRESSORS; NON-ELECTRIC REFRIGERATION EQUIPMENT; VESSELS FOR HEAD PROCESSING; MOLDS; AUTOMATIC CONTROL VALVES; AND RADIATION-SENSITIVE INSTRUMENTS.

7. MAJOR PROJECTS PROJECTED WITHIN THIS DECADE FOR PUBLIC AND PRIVATE SECTOR OFFER GOOD SALES POTENTIAL FOR US EQUIPMENT. US FIRMS COULD INCREASE SALES BY OFFERING MORE COMPETITIVE PRICES, BETTER FINANCIAL CONDITIONS, MORE PRODUCT LITERATURE IN SPANISH, TRAINING TO CUSTOMERS' TECHNICAL STAFF, AND MORE FREQUENT VISITS OF SPANISH-SPEAKING FACTORY ENGINEERS TO LOCAL ENDUSERS. A CHEMICAL-PETROCHEMICAL TRADE MISSION TO PERU WOULD HELP INCREASE US SALES BY ALLOWING US COMPANY REPRESENTATIVES TO LEARN FIRST-HAND ABOUT PERU'S FUTURE EQUIPMENT REQUIREMENTS.
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Message Attributes

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TAGS: BEXP, ECON, EGEN, PE
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